

Message Text

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ACTION ARA-10

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 9924

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E.O. 11652: N/A

TAGS: AFSP, UY

SUBJECT: LOCAL EMPLOYEE WAGES

1. SUMMARY: THE MISSION COMPLETED ON SEPTEMBER 30 SPOT SURVEY OF COMPARATIVE WAGE PRACTICES IN THE LOCAL MARKET AFTER WE HAD DEVELOPED SUFFICIENT REASON TO BELIEVE THAT OUR PRESENT FSL WAGES MIGHT BE LAGGING BEHIND THOSE PAID BY OTHER EMBASSIES AND MAJOR FIRMS FOR COMPARABLE POSITIONS. OUR FINDINGS INDICATE THAT WE ARE BEHIND TO THE

AMOUNT OF 20 PER CENT. WE REQUEST URGENT ACTION TO CORRECT THIS DISTORTION FOR OUR DEDICATED FSL EMPLOYEES OF ALL AGENCIES , RETROACTIVE TO JULY 1, 1975. END SUMMARY.

2. IN RECENT MONTHS THE EMBASSY HAS BEEN MADE INCREASINGLY AWARE OF CONCERN ON THE PART OF LOCAL EMPLOYEES WHO ALLEGED THAT THEIR COMPENSATION HAD FALLEN BEHIND BECAUSE OF THE GENERAL UTILIZATION BY OTHER EMPLOYERS OF FLEXIBLE, ADDED INCREASE PROVISIONS OF THE LAST THREE MANDATORY INCREASES WHEREAS THE EMBASSY HAD NOT DONE SO. AS PREPARATIONS WERE BEING MADE TO UNDERTAKE OUR PERIODIC, COMPREHENSIVE WAGE SURVEY, FIRST THE HEADS OF OTHERS AGENCIES AND THEN THE AMBASSADOR RECEIVED WRITTEN APPEALS SIGNED BY LOCAL EMPLOYEES FOR ALLEVIATION OF THEIR SITUATION, AND MORE SO FOR IMMEDIATE RELIEF BECAUSE THEY BELIEVED THAT THE WAGE SURVEY WAS LIKELY TO BE DRAWN OUT AND ANY RESULTS FROM IT NOT EFFECTIVE FOR SOME TIME. AS AN APPROPRIATE INDICATION OF CONCERN FOR THE WELFARE OF OUR VALUED EMPLOYEES, AND OF RESPECT FOR THEIR POINT OF VIEW,

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THE AMBASSADOR DIRECTED THAT AN IMMEDIATE SPOT SURVEY BE MADE OF

A REPRESENTATIVE CROSS SECTION OF THE LOCAL EMPLOYERS MARKET. THIS WOULD BE FOR THE LIMITED PURPOSE OF ASCERTAINING WHETHER IN FACT IT WAS TRUE, AS ALLEGED BY THE LOCAL EMPLOYEES, THAT THE MAJORITY OF OTHER EMPLOYERS DID TAKE ADVANTAGE OF THE FLEXIBLE PROVISIONS AND DID GIVE ADDITIONAL COMPENSATION IN CONNECTION WITH THE LAST THREE INCREASES WHEREAS THE EMBASSY DID NOT. IN SO DOING THE AMBASSADOR ASSURED THE EMPLOYEES THAT IN THE EVENT THIS SURVEY SHOWED OUR PRACTICE TO BE INCONSISTENT WE WOULD SEEK SOME IMMEDIATE RELIEF AFQ WOULD ALSO GO AHEAD WITH THE COMPREHENSIVE SURVEY TO DETERMINE WHETHER OUR OVERALL COMPENSATION, INCLUDING FRINGE BENEFITS, ETC. REMAINED IN LINE CONSISTENT WITH US POLICY.

3. THIS SPOT SURVEY WAS CARRIED OUT IN LATE SEPTEMBER. IN ORDER TO ACT RAPIDLY AND ALSO INSURE FRANK DISCLOSURE BY EMPLOYERS, IT WAS CONDUCTED BY THE AMBASSADOR AND SENIOR STAFF PERSONALLY CONTACTING OTHER AMBASSADORS AND TOP OFFICIALS OF PRIVATE FIRMS, BOTH AMERICAN AND URUGUAYAN.

4. THE LAST THREE DECREES CONCERNED AUTHORIZED INCREASES AS FOLLOWS: A) NOVEMBER 1, 1974 - 20 PER CENT MANDATORY PLUS 20 PER CENT OPTIONAL, B) FEBRUARY 1, 1975 - 15 PER CENT MANDATORY PLUS AN UNLIMITED OPTIONAL AMOUNT, AND C) APRIL 1, 1975 - 30,000 OLD PESOS INCREASE ACROSS-THE-BOARD PLUS UNSPECIFIED OPTIONAL INCREASES ABOVE THAT AMOUNT. THE DECREES SPECIFIED THAT NONE OF THE OPTIONAL INCREASES COULD BE PASSED ON TO CONSUMERS IN THE FORM OF PRICE INCREASES. THE EMBASSY GAVE ONLY THE MANDATORY INCREASES.

5. THE SPOT SURVEY WAS CONDUCTED AMONG 20 EMBASSIES, INTERNATIONAL ORGANIZATIONS AND PRIVATE FIRMS WITH THE LATTER BEING IN THE MAJORITY. THE SURVEY SHOWED THAT 14 OF THE 20 GAVE ACROSS-THE-BOARD OPTIONAL INCREASES ABOVE THE MANDATORY AND TWO OF THE 14 GAVE OTHER INCREASES WHICH THEY CHOSE TO CALL MERIT OR INCENTIVE INCREASES. TWO OTHERS GAVE THE MANDATORY INCREASES, BUT ALSO GAVE OTHER INCREASES OF A SO-CALLED MERIT OR INCENTIVE NATURE TO A FAIRLY WIDE RANGE OF EMPLOYEES. THE AVERAGE AMOUNT OF THE ACROSS-THE-BOARD OPTIONAL INCREASES WAS 16.69 PER CENT. WHILE THE OTHER INCENTIVE INCREASES ABOVE THE OPTIONAL AMOUNTS ARE NOT SUBJECT TO PRECISE QUANTIFICATION, THE INFORMATION WE DID DEVELOP INDICATES THAT IT PROBABLY WAS IN THE 5 PER CENT RANGE. FOR PURPOSES OF ROUND SUMS, WE HAVE CAL-

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CULATED THE AVERAGE AMOUNT OF OPTIONAL INCREASES PLUS INCENTIVE INCREASES AT 20 PER CENT.

6. SINCE OUR LAST COMPREHENSIVE SURVEY IN 1973 RESULTED IN GENERAL INCREASES, AND SINCE NO OPTIONAL CLAUSES WERE INCLUDED IN THE SEVERAL MANDATORY INCREASES DECREED BETWEEN THEN AND NOVEMBER 1, 1974, WE ASSUME THAT OUR SCALES WERE APPROPRIATE TO THE MARKET UNTIL THAT TIME. PROCEEDING FROM THIS ASSUMPTION, WE NOW HAVE STRONG

EVIDENCE, AS A RESULT OF OUR SPOT SURVEY, THAT WE HAVE IN FACT
FALLEN BEHIND SINCE 1973 BY VIRTUE OF OUR HAVING GIVEN ONLY THE MANDATORY INCREASES IN NOVEMBER 1974 AND IN 1975 WHILE THE MAJORITY OF OTHER SOURCES CONTACTED GAVE MANDATORY PLUS SUBSTANTIAL OPTIONAL INCREASES.

7. EQUITY, AND OTHER FACTORS GOING INTO US WAGE POLICY DEMAND THAT WE KEEP PACE WITH WAGES BEING PAID LOCALLY AND MAINTAIN THE IMAGE OF A "GOOD EMPLOYER". BASED ON OUR SURVEY AND THE SPIRIT OF US WAGE POLICY WE STRONGLY RECOMMEND THAT AN INCREASE OF 20 PER CENT BE GRANTED TO ALL LOCAL EMPLOYEES RETROACTIVE TO JULY 1, 1975. ALL AGENCY HEADS AGREE WITH THE RECOMMENDATION.

8. THE REGULAR, FULL WAGE AND SALARY SURVEY IS PRESENTLY IN PROGRESS AND RECOMMENDATIONS, IF ANY, BASED ON IT WILL BE MADE IN DUE COURSE. OUR LOCAL EMPLOYEES CONFIDENTLY BELIEVE THAT IT WILL SHOW THAT OUR SCALES ARE EVEN FARTHER BEHIND THAN WE NOW BELIEVE THEY ARE AS THEY ALLEGE THAT MANY EMPLOYERS SECRETLY GAVE MORE THAN THE DECREED COMPENSATION IN CONNECTION WITH THE SEVERAL INCREASE GIVEN BETWEEN OUR LAST COMPREHENSIVE SURVEY IN 1973 AND NOVEMBER 1, 1974, WHEN ADDITIONAL AMOUNTS BECAME LEGAL UNDER CERTAIN CIRCUMSTANCES. WHILE THIS REMAINS TO BE SEEN, WE ARE CONFIDENT THAT THE RECOMMENDED 20 PER CENT RETROACTIVE INCREASE AT THIS TIME IS APPROPRIATE AND JUST. THE DEPARTMENT'S PROMPT AND FAVORABLE ACTION IS STRONGLY RECOMMENDED.
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